

**BETHLEHEM AUTHORITY
BETHLEHEM, PA**

MINUTES OF REGULAR MEETING

FEBRUARY 9, 2006

The regular meeting of the Board of Directors of the Bethlehem Authority was held on February 9, 2006, in Room 504, City Administration Building, 10 E. Church Street, Bethlehem, PA. The meeting was called to order at 3:04 PM by Chairman Richard Master, with the following in attendance:

BETHLEHEM AUTHORITY

James L. Broughal, Solicitor
David T. DiGiacinto, Vice Chairman
Michael A. Keyock, Treasurer
Richard L. Master, Chairman
Daniel L. Meixell, Special Police Officer
Sandra L. Reppert, Administrative Assistant
Stephen R. Salvesen, Interim Executive Director
John J. Tallarico, Jr., Secretary

CITY OF BETHLEHEM

Michael Alkhal, Director of Public Works
Jeffrey Andrews, Superintendent, Water Supply and Treatment
Jean Belinski, Councilwoman
David Brong, Director of Water and Sewer Resources

THE BETHLEHEM PRESS

Greg Rogers

THE EXPRESS TIMES

Kurt Bresswein

THE MORNING CALL

Nicole Radzievich

On a motion by Mr. DiGiacinto, seconded by Mr. Tallarico, the minutes of the reorganization meeting held January 12, 2006, were approved unanimously by voice vote.

On a motion by Mr. Tallarico, seconded by Mr. DiGiacinto, the minutes of the regular meeting held January 12, 2006, were approved unanimously by voice vote.

On a motion by Mr. Keyock, seconded by Mr. Tallarico, the minutes of the special meeting held January 26, 2006, were approved unanimously by voice vote.

Mr. Master welcomed the newest member appointed to the Bethlehem Authority Board, Mr. Mark P. Jobes.

On a motion by Mr. Tallarico, seconded by Mr. DiGiacinto, and approved unanimously by voice vote, Mr. Mark P. Jobes was appointed Assistant Secretary/Treasurer of the Bethlehem Authority Board.

COURTESY OF THE FLOOR AND RECOGNITION OF VISITORS

Mr. Master recognized Councilwoman Jean Belinski; Mr. Bruce Stetler, Lehigh Mountain, Salisbury Township resident; Mr. Dana Grubb, Bethlehem resident; Dr. David McGuire, representing the Sierra Club, Lehigh Valley Chapter; Mr. Stephen Antalics, Bethlehem resident; Mr. David Brong, Mr. Jeffrey Andrews, and Mr. Michael Alkhal of the City of Bethlehem.

Mr. Stephen Antalics was interested in knowing if there have been formal discussions on the Bethlehem Authority becoming an operating authority. Response was prior discussions were casual in nature.

REPORT OF THE CHAIRMAN

Mr. Master acknowledged and read a personal thank you note to the Bethlehem Authority Board and personnel received from Mr. Ron Donchez.

Update on Refinancing of 1998 Bonds. At a special meeting of the Board held January 26, 2006, a resolution was passed to engage in the advance refinancing of the 1998 bonds, provided the minimum savings threshold of at least 3%, or \$300,000, was met. This matter was then presented to the Finance Committee of Bethlehem City Council on February 3, 2006. The committee felt the savings level was too low and the savings target should be at least 5%, or \$500,000. The matter has been tabled.

The Authority's financial advisor (PRAG) should be directed to look into a bank-financed transaction (\$10 million maximum, less costly, with an approximate savings level of \$400,000.00) that is callable in five years instead of the typical ten year issuance.

Mr. Master will contact Mr. Jay Leeson, Chairman of the Finance Committee, to discuss a negotiated level of savings during this interim period.

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REPORT OF THE CHAIRMAN

Economic Summit – Five Year Financial Plan. Mr. Master referenced the Controller's Summary Report dated January 31, 2006. The total of the balances in all funds is \$17,456,562.24. The Maintenance Reserve Fund has a \$2 million minimum balance (trust indenture) requirement. The Bond Redemption and Improvement Fund (BRIF) also has a \$2 million minimum balance requirement. There presently is \$3.2 million above the minimum in BRIF available to assist the City in capital improvements/projects. However, the City's five-year plan will most likely deplete this fund in two to three years. The Debt Service Reserve Fund, presently with a balance of \$8.2 million, represents one year's debt service payments held in reserve and is a requirement of the trust indenture. All other funds listed are clearing accounts for debt service payments on outstanding loan or bond issues.

Mr. Master would like a plan and consensus established between Bethlehem City Council, the Bethlehem Authority and the City of Bethlehem as it relates to the finances of the water system. A draft proposal was handed out for an ***Economic Summit on the Bethlehem Water System*** (copy attached to and made a part of these minutes) to develop a five year financial plan. Mr. Brong indicated he and the City support the summit in order to seek solutions.

REPORT OF THE VICE-CHAIRMAN

Nothing to report.

REPORT OF THE SOLICITOR

Nothing to report.

REPORT OF THE CONTROLLER

Mr. McDonald's report for the month ended January 31, 2006, as filed in the Board book, was accepted without comment.

REPORT OF THE CONSULTING ENGINEER

Schoor DePalma's report, as filed in the Board book, was accepted without comment.

REPORT OF THE BETHLEHEM AUTHORITY SPECIAL POLICE

Officer Meixell's report, as filed in the Board book, was accepted without comment.

REPORT OF THE EXECUTIVE DIRECTOR

Nothing to report.

WATER REPORT

The Water Report, as filed in the Board book, was accepted without comment.

REPORT OF DIRECTOR OF WATER AND SEWER RESOURCES, CITY OF BETHLEHEM

Mr. Brong reported that revenues were approximately \$300,000 ahead of projection at January 31, 2006. He indicated the expenses associated with the PUC rate case have outpaced the projected/budgeted amount but will level off.

APPROVAL OF BILLS

Mr. Master presented Resolution 261, Approval of Bills, to the Board for consideration and approval.

Mr. Master noted the addition of an invoice in the amount of \$4,383.75 from Broughal and DeVito for legal services. He has reviewed the invoice and all charges are appropriate.

On a motion by Mr. Keyock, seconded by Mr. Tallarico, Resolution 261 was approved unanimously by voice vote.

NEW BUSINESS

Growing Greener Grant. Mr. Salvesen updated the Board on the application for the Growing Greener Grant. He has been in contact with our forester, Mr. Don Oaks, who picked up the application and other necessary documents.

If received, some of the grant monies can be applied to our forestry program. The Northeast Region of the PA DCNR will sponsor the 2006 program on our behalf. We will be able to use the same data from our 2004 grant application, which focused on hydrology studies of the Tunkhannock plateau and other forestry improvements. Mr. Salvesen noted this is not a matching grant and the Bethlehem Authority's portion would be \$14,080.00 (same as 2004). Since this was not a budgeted expense for 2006, Mr. Salvesen presented Resolution 262, approving expending these funds for the Growing Greener Grant.

On a motion by Mr. Tallarico, seconded by Mr. Keyock, Resolution 262 was approved unanimously by voice vote.

NEW BUSINESS

State Police Security Survey. Mr. Salvesen informed the Board that the PA State Police would perform a security survey by air from our reservoirs to the filtration plant (this is not a vulnerability study). There is no cost involved. He feels it would be beneficial for an outside agency to have an understanding and awareness of our assets in the event of any problems.

A motion by Mr. Tallarico to approve the State Police Security Survey at no cost to the Bethlehem Authority was seconded by Mr. Jobs and approved unanimously by voice vote.

Water Capital Budget Amendment. Mr. Salvesen presented a request from the City of Bethlehem for additional capital funds in the amount of \$61,375.00. The largest portion of this request, \$50,000.00, was budgeted in 2005 (but not spent) for communication system upgrades – total project cost is \$460,000.00. (Mr. Brong indicated there could be a downward adjustment of \$25,000.00 and will know better in the next few months.)

A motion by Mr. Keyock to amend the 2006 Water Capital Budget in the amount of \$61,375.00 as referenced and supported in Mr. Brong's memorandum of February 7, 2006 (attached to and made a part of these minutes) was seconded by Mr. DiGiacinto and approved unanimously by voice vote.

OLD BUSINESS

Salisbury Township Land Sale Update. Mr. Salvesen reported that he spoke to Ms. Jan Creedon, Director of Planning for Lehigh County. He provided her all the information needed for Lehigh County Executive Don Cunningham to review. The county has not yet been notified if they'll receive a grant upgrade for the additional funds needed to purchase this land. The Lehigh County Commissioners must affirm to the Bethlehem Authority that \$6,500.00 per acre is the agreed price. Once approved, it may take two to three months to complete the transaction. (Lehigh County will have to have the land surveyed and the deed prepared)

1509 Clover Avenue Land Sale Update. Mr. Salvesen reported that Bethlehem City Council approved the sale of 1509 Clover Avenue (to Mr. Chris Brown of Scottsdale, Arizona, for \$29,250.00).

Mr. Broughal was authorized to prepare the sales contract and the Chairman was authorized to execute same.

T-Mobile Antenna Update. Mr. Salvesen reported that Malcolm Pirnie reviewed T-Mobile's plans to install cellular antennas to the 5 Million Gallon Water Storage Tank off Hecktown Road in Bethlehem, and made recommendations to the City, which were forwarded to T-Mobile. Mr. Jeff Andrews indicated T-Mobile seems very eager; however, they have to review and agree to Malcolm Pirnie's recommendations. Once the City and T-Mobile reach an agreement, the Board must then authorize the solicitor and the executive director to negotiate the lease and any work to be performed.

Mr. Salvesen had reported in October, 2005, on monthly rental comparisons but indicated there are no new comparisons to report since then. Mr. Master requested him to do one more survey.

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COURTESY OF THE FLOOR.

Mr. Bruce Stetler voiced his concern regarding Lehigh County being able to obtain the additional funds necessary to transact the Salisbury Township land sale.

Dr. David McGuire voiced his opinion and concerns over five issues:

1. Finance Committee (City Council) rejection of a \$300,000 savings on the 1998 bonds.
2. Water sales as a result of increased development on the south side of Bethlehem.
3. Planning data sources for future water revenues.
4. Exceptional Value status of Tunkhannock Creek.
5. Sierra Club's continued support of the Salisbury Township land sale to Lehigh County for the Wildlands Conservancy.

Mr. Stephen Antalics inquired if Bethlehem's water is tested for new pathogens in the wake of 911, homeland security leaks and utilities being possible terrorist targets. He needs to contact the City's water department directly as to his concerns.

Mr. Tallarico informed the Board that the City of Bethlehem and the Office of Consumer Advocacy have a proposed settlement with Westgate (Water) Utilities. Westgate customers should become Bethlehem water customers by October, 2006.

ADJOURNMENT

On a motion by Mr. DiGiacinto, seconded by Mr. Keyock, and approved unanimously by voice, the Board adjourned its regular meeting at 4:36 PM.

John J. Tallarico, Jr., Secretary